

INTELLOFAX 17

FEB 1952 51-AAA

REFERENCE COPY

DO NOT CIRCULATE

CENTRAL INTELLIGENCE AGENCY

CLASSIFICATION

SECRET/CONTROL US OFFICIALS ONLY
SECURITY INFORMATION

25X1A

INFORMATION REPORT

REPORT NO. [REDACTED]

CD NO.

COUNTRY USSR (Lithuanian SSR)

DATE DISTR. 4 February 1953

SUBJECT The Economic Situation in the Lithuanian SSR

NO. OF PAGES 8

25X1A

DATE OF
INFO. [REDACTED]

FOR CRITICAL SECURITY REASONS
THIS REPORT IS NOT TO BE FURTHER
TRANSMITTED WITHIN THE UNITED
STATES, OR BEYOND THE BORDERS
OF THE UNITED STATES, WITHOUT THE
EXPRESS PERMISSION OF THE RELEAS-
ING OFFICE.

NO. OF ENCLS.
(LISTED BELOW)PLACE
ACQUIRED [REDACTED]SUPPLEMENT TO
REPORT NO.

25X1X

Political and Economic Aims of the Communists

1. In the pursuit of their political, economic, and strategic objects, the Communists are cultivating and expanding industry and transport in Lithuania.
2. From the political viewpoint, the development of industry increases the size of the working class and creates conditions for the emergence of a Communist cadre of reserve. Highly trained qualified workers, earning 1,200 to 2,500 Rs monthly as against an existence minimum of 450 to 500 Rs, occupy a privileged position in Soviet society and their environment is calculated to make them faithful servants to Communism. As industry develops there is a corresponding growth in the numbers of this Communist workers' aristocracy, which is prepared, from purely selfish motives rather than fear, to defend the socialist order.
3. In 1940 the number of workers in Lithuania, including those employed in the smallest enterprises with over five workers, medium, and large concerns, did not exceed 30,000, and for this reason the workers were very little affected by Communist propaganda. In 1951, the number of workers exceeded 75,000, i.e., had grown by 250 percent as compared with 1940, and they were completely at the mercy of the Communists. A decision of the Plenum of the Central Committee of the Lithuanian Communist Party laid down that acceptance of new Party members must be mainly from the ranks of the workers and peasants. These facts adequately reveal the political object masked by the slogan "Expand and cultivate industry and transport", i.e., the creation of a reserve force from which truly Communist cadres can be drawn.
4. Lithuania is designed to become one of the main producers of meat and milk products for the USSR. For this purpose it is essential to create a sufficiently solid industrial and electrical energy potential, based on local resources. The Bolsheviks, therefore, build and expand meat combines,

CLASSIFICATION SECRET/CONTROL US OFFICIALS ONLY

25X1A

SECRET/CONTROL US OFFICIALS ONLY

-2-

agricultural machinery factories, electrical apparatus and motor factories, machine weaving factories, mineral fertilizer factories, automobile repair works, etc., on a scale such as the country did not know before the war.

5. The following is a list of the basic concerns located in Lithuania which have a significance from either an All-Union or Lithuanian Republic point of view:
 - a. ELFA Electro-Technical Works in Vilnius
 - b. Electrical appliances factory in Vilnius
 - c. Zalgiris Machine-tool Works in Naujoji Vilnia
 - d. Painting apparatus factory in Naujoji Vilnia
 - e. Woodworking Combine in Naujoji Vilnia
 - f. Apvijs Factory for turbines and small dynamo machines in Kaunas
 - g. Agricultural machine works in Kaunas
 - h. Tire Works in Kaunas
 - i. Bicycle Works in Siauliai
 - j. Paper cellulose combine in Klaipeda
6. In addition, there are five meat combines, three sugar factories, twelve medium and large textile mills, six large and medium fur-processing factories, six leather and rubber boot factories, etc.
7. If the major railroad depots are included, it can be said that at present there are about 150 medium and major concerns in operation, in each of which there are from 100 to 2,000 workers. The type of production in these factories has increased in variety in comparison with 1940. The variety of building materials has particularly increased: cement, standard wooden houses, silicate bricks, glass, metal building parts, etc.
8. Qualified workers for industry and building work are trained in the so-called FGA Schools (schools for training in factory production).

Transportation

9. Whereas in 1940 the total number of motor vehicles of various types in Lithuania reached 1,200, at the present time, according to provisional statistics, the figure is something above 10,000 vehicles, the majority being heavy vehicles. The training of motor drivers is carried out in driving schools which have been established in Vilnius, Siauliai, Kaunas, and Klaipeda.
10. There have been no particular changes in the railroad transportation system. The training of railroad men is conducted in railroad schools in Kaunas, Vilnius, Radviliskis, and Klaipeda.
11. In the sphere of road construction, the Bolsheviks pay some attention to the repair and improvement of the strategic motor roads, but the basic network of roads has not changed and no new highways are being built. Maintenance of highways is rather worse than it was in prewar days.

Material Position of the Workers

12. Highly qualified workers normally earn from 1,200 to 1,600 Rs monthly, average workers from 700 to 1,000 Rs, unskilled workers from 400 to 600 Rs a month. Metal workers, railroadmen, moulders, turners, and tool makers are especially well paid.
13. The material position of the average worker is bad, but this is offset by the high wages paid to qualified and medium-grade workers who, in fact, earn very much more than intellectuals of medium or high-grade educational levels or even the directors or managers of their own factories. For example, teachers, doctors, administrative or office personnel earn wages which fluctuate from 500 to 1,200 Rs; this does not take into account prizes won, usually by book-keepers and accountants. Having deducted compulsory payments for State loans,

SECRET/CONTROL US OFFICIALS ONLY

SECRET/CONTROL US OFFICIALS ONLY

25X1A

-3-

etc., the net salary received is normally about 450 to 1,000 Rs monthly. The director or manager of a large factory or trust obtains not more than 1,200 to 1,500 Rs monthly. A highly qualified worker, however, as already mentioned, normally receives from 1,200 to 1,600 Rs, but if he exceeds his planned output he obtains 2,500 Rs or even more. On the other hand, cleaners and watchmen receive 300 to 400 Rs, which with deductions amounts to 270 to 350 Rs net wages.

14. In this way the Bolsheviks, being very consistent in their own favor, conduct a special line of policy which raises the workers as a class, encouraging them to emulate elite workers as a class, and excludes the black-coat (sic) elements.
15. The first-rate professional workers are usually very well paid, particularly scientists and academicians and higher-grade teaching personnel. Officers, artists, actors, and writers are also well paid. In no case is the salary less than 1,200 Rs monthly, and for academicians it sometimes reaches 10,000 Rs, or even above, per month.
16. Those concerned in industrial administration receive low wages, from 400 to 700 Rs. Workers within the industrial network, however, almost without exception pilfer and "combine". This is the only category of people which, even though receiving small wages, nevertheless never attempts to change its poorly paid employment for a better one. The majority of the employees within the industrial network are Jews.

Trade

17. The Bolshevik trading machine operates spasmodically, and this is the result of the so-called planned management economy. For a period shops will be bulging with goods; then for a few weeks they will stand almost empty. This is particularly the case in connection with seasonal goods. In the winter the shops are full of summer season goods, in spring and summer with winter season goods.

Prices

18. The prices of some food products are as follows:

<u>Products</u>	<u>Price (in rubles)</u>	<u>Unit</u>
Black bread	1.30	kg
White bread	1.80	kg
Milk	1.80	liter
Butter	29.00	kg
Various meats	from 8 to 15	kg
Sugar	9.00	kg
Margarine	16.00	kg
Cheapest sweets	from 9 to 12	kg
Average sweets	18 to 25	kg
High quality sweets	45 to 50	kg
Spirits	from 27 to 60	liter
Beer	8.00	liter

19. The above are State prices. There is also a free market where collective farmers are allowed to sell food which they have produced from their individual holdings (see para. 43). If a shortage of food products is felt in State shops, the prices on the free market immediately rise. In Vilnius they reach the highest point: butter up to 40 Rs per kg, meat up to 25 Rs per kg, etc.
20. In the rural areas, however, prices are often almost halved: butter up to 25 Rs per kg, which is cheaper than State prices, and meat 10 to 15 Rs per kg.

SECRET/CONTROL US OFFICIALS ONLY

SECRET/CONTROL US OFFICIALS ONLY

25X1A

-4-

21. The prices of some other goods are as follows:

<u>Product</u>	<u>Price (in rubles)</u>	<u>Unit</u>
Cheapest leather footwear	130	pair
Average leather footwear	180 to 220	pair
Very high quality footwear	400 to 450	pair
Knee boots	400 to 450	pair
Footwear of imitation leather	35 to 90	pair
Rubber footwear	35 to 50	pair
Woolen material	110 to 150	meter
Silk material	29 to 40	meter
Very high quality natural Japanese silk	100	meter
Cheapest suit	230 to 290	each
Average suit	500 to 700	each
Good suit	600 to 1000	each
Good dress	300 to 500	each
Watches, Soviet make only	75 to 300	each
Soap	1.00 to 1.50	per cake

22. People do not normally have suits made to order but buy ready-made clothes. An ordinary suit can be bought for 500 Rs. This is beyond the reach of most people. There is a shortage of good woolen material, but ordinary materials, e.g. calico, are now being produced in sufficient quantities. There is no shortage of cosmetics. Fruits from southern countries are not to be seen.

Availability of Certain Commodities in Lithuania

23. Medicines are available in Lithuania, but modern products, e.g. penicillin, are difficult to obtain. The ordinary patent medicines are quite plentiful, and hospitals are supplied with medicine of all types.
24. Cigarettes (papirosy) are in plentiful supply. The local products are of poorer quality than the Russian. The Leningrad-produced Belomorkanal are better than cigarettes made in Riga. Twenty cigarettes cost from 0.19 Rs. to 2.00 Rs for ordinary papirosy. A box of matches costs 0.15 Rs.
25. The only items which are really cheap are rents of State flats and cost of lighting. The tenant pays rent in proportion to the salary which he receives, which can vary from 0.40 Rs to 2.20 Rs per cubic meter occupied. This item never constitutes more than 10 percent of the family budget.
26. The subsistence minimum in the main centers, Vilnius and Kaunas, is 450 to 500 Rs a month for each person. In other places, particularly in the fertile areas of Siauliai, Rokiškis, Marijampole, Birzai, Joniskis, it fluctuates between 250 and 350 Rs. This fluctuation is caused by the prices prevailing on the free markets of the collective farms.

Purchasing Power

27. The purchasing power of the peasant is greater than that of the town dweller. The peasant is able to take advantage of the free market and thus hoards more money than the town dweller.
28. With characteristic muzhik-like shamelessness, the women of the villages flood the shops on market days at a time when the townswomen are at work and buy any consumer goods which come to hand. An ordinary female milk seller who earns from 30 to 50 Rs a day for her milk and milk products easily outbuys the average town dweller, who is economically weak; thus, purchasing power assumes a one-sided character which creates waiting lines of villagers at the shops.

SECRET/CONTROL US OFFICIALS ONLY

25X1A

SECRET/CONTROL US OFFICIALS ONLY

-5-

State Finances

29. An examination of the Lithuanian State Budget for 1951 shows the following outlay:
- a. Capital investments: 540,927,000 Rs, about 30 percent of the budget. This expenditure is mainly devoted to expanding the production of meat and milk products which are destined for consumption in the USSR. It may be mentioned that hams produced by the Maistas Factory seem invariably to be shipped elsewhere, whereas hams sold in Lithuania come from Saratov.
 - b. Education: 502,670,000 Rs, about 28 percent of the budget. This expenditure is devoted to the creation and maintenance of a broad network of schools and a variety of educational establishments by which, inter alia, Communist ideology is spread.
 - c. For State and administrative personnel: 14.5 percent of the budget.
30. On this basis it can be seen that 75 percent of the whole budget is used for purposes which on the surface may seem to be useful for Lithuania but in fact conflict in many respects with the interests of the nation. In resumé, it can be said that the 1951 State budget reveals the following political aims of the Bolsheviks:
- a. The conversion of Lithuania into a part of the whole of the economic system of the USSR by means of judicious capital investments.
 - b. The Communization of the broad masses of the population by assigning large sums for education.
 - c. The cultivation of Communist local administrative and Party cadres.
31. The administrative re-organization of Lithuania into four regions, two towns of national status, and 87 rayons in place of the former 37 counties (apskritis) has necessitated an expansion of civil service staffs. This has strengthened control of the local population and at the same time increased almost four-fold the number drawn into the administrative machine.
32. From the economic point of view, such tendencies are of no benefit to the Lithuanian nation, but from the political viewpoint they are very useful to the Bolsheviks because they present an opportunity to persons who in other times would not be considered for Civil Service posts or leading administrative positions. They, in turn, either through having succumbed to Communist propaganda or through fear of repressions, will use every means to satisfy the Bolsheviks. From the Russian point of view, the 207 million Rs which are to be supplied by the Lithuanian people and spent in establishing a Soviet administration is a profitable proposition. To insure that the machine operates, even if only with the minimum of effectiveness, there are the MGB organs and the public prosecutors' staffs, which are increased from day to day by the products of the local cadres being prepared by the MGB and MVD, the militia, and the Party schools.

Agriculture

33. The most important sphere of the economic life of Lithuania is agriculture. Being an agrarian land which, before the war, was noted for its high quality milk and meat products, the solution of the basic agricultural problems, including increase in fertility, expansion of livestock farms, electrification of villages, irrigation and land improvement works, development of agricultural technique, and the intensification and improvement of Lithuanian agriculture in its widest sense, was and is the most important factor of Lithuanian economic life.

SECRET/CONTROL US OFFICIALS ONLY

SECRET/CONTROL US OFFICIALS ONLY

25X1A

-6-

34. As in all other questions, so in agriculture the Bolshevik approach to these problems has a political and economic character. Their solution was dogmatic and drastic, i.e., complete collectivization.

The Process of Collectivization

35. In the first period of Soviet reoccupation (1945-47), currying favor with the poorer masses, the Bolsheviks introduced land reform, as a result of which about 70,000 small-holders and landless peasants each obtained between eight and fifteen hectares. At the same time, high progressive taxes were imposed on the rich farms, in this way weakening their economic strength. When the level of productivity had, as a result, fallen considerably, the Bolsheviks began to extol the virtues of collectivization as a remedy and imported a substantial number of tractors and major agricultural machines. Concurrently, they incited the peasantry to deprive independent farms of their machines by means of official confiscations as part of the so-called de-kulakization process.
36. The Lithuanian countryfolk, notwithstanding the hopelessness of the situation, opposed collectivization as best they could. They refused to work on the collective farms, hid their grain, sold or slaughtered their cattle, escaped to the towns and often, with weapons in their hands, stood to defend their individual rights of property and work.
37. The opposition which the more substantial farms showed sometimes took the most extreme forms but was liquidated by deportations and other repressive means. In view of the fact that those who showed violent opposition comprised a very small percentage, from 1 to 1.5 percent of the farmers, their isolation was effected very quickly, particularly as the Communists were often assisted by the peasants who had been incensed by the acts of arson, murder, etc., for which the rich farmers, whose relatives or sons were very often active in the ranks of the partisans, were deemed responsible. These acts provided the Bolsheviks both with a pretext for deportations and with a means by which the poor could be antagonized towards the rich. In fact, this is another illustration of the means by which class differentiation, the artificially created antagonism of one national element against another, was exacerbated to the advantage of the Russians.
38. In the unequal battle, a section of the people has now resigned itself to fate and has begun to serve the Bolsheviks, whereas a further section has been completely wiped out by repressive measures.
39. In accordance with current official statistics, 92 percent of all individual farms have been collectivized and converted into 2,956 collective farms. The size of the collective farms varies from 1,200 to 2,500 hectares, in rare cases reaching 3,000 hectares. These farms comprise from 100 to 250 of the former individual farms. The collective farms accepted without question all smallholders, former farm laborers, and medium farmers with land up to 20 hectares if these farmers were able to work their land alone without the aid of employed labor.
40. One hundred and twenty MTS with 3,600 tractor parks and 6,000 other major agricultural machines (combines, reapers, tractor ploughs, cultivators, etc.) are in operation. Each MTS disposes of from 30 to 70 tractors. All of the more important farm equipment has been nationalized.
41. There are 120 minor electric power stations, 20 brick works, 32 lime and sulphate-phosphate factories, and one major and three medium agricultural machine factories. The major agricultural machine factory is in Kaunas and produces tractor ploughs, cultivators, mechanical harrows, reaping machines, and spare parts for agricultural machines. The three medium-sized factories produce smaller agricultural tools, i.e., axes, scythes, knives, horse shoes. The raw material for these factories is obtained from elsewhere in the USSR in semi-finished form.

SECRET/CONTROL US OFFICIALS ONLY

SECRET/CONTROL US OFFICIALS ONLY

-7-

Situation of the Collective Farmer

42. A collective farmer can be described as a State farm worker who is forced to work not so much for himself as for some abstract and, to him, quite incomprehensible socialist State. More soul-destroying, however, is the fact that the peasants are compelled with their own hands to break down the mode of life to which they are accustomed and which is inherent in them, thus destroying the very roots of the Lithuanian nation, the peasantry.
43. A collective farmer may have in his personal possession one cow, a few sheep, pigs, and an unlimited amount of poultry. For the individual benefit of a collective farmer he is left with a piece of land of 60 ares, his orchard, his dwelling and other minor buildings which formerly belonged to him.

Agricultural Training

44. The Agricultural Academy and Veterinary Academy are in operation with about 1,000 students, as well as ten agricultural technical schools, agricultural mechanization courses, and two-year schools which prepare leading personnel for the kolkhozy, i.e., chairmen, brigade leaders, accountants, and farm leaders. According to official statistics, these two-year schools have produced 2,842 collective farm chairmen, 2,208 brigadiers, 4,794 accountants, and 2,308 farm leaders. Twenty-five thousand collective farmers attend the three-yearly seasonal courses given during the winter season, in order to raise the level of their agro-technical knowledge.

Incentives

45. Incentives offered are:
- State prizes, medals, orders, monetary awards.
 - Production conferences of the so-called agricultural leaders with leading party members and academicians, which take place mostly in Vilnius and sometimes in the periphery.
 - Excursions to Kuban, Krasnodar, and Stavropol to become acquainted with the technique of large collective farms and their managements.
 - Visits to Lithuania of selected Russian and Ukrainian collective farmers, normally Heroes of Socialist Labor, for the purpose of exchanging experiences with local collective farmers.
 - Motion pictures. At the present time there are more than 100 mobile motion picture theaters operating in the countryside.
 - Machines as prizes. A collective farm which has given the State 30,000 liters of milk in the course of the year receives a 2.5-ton truck. There have been 80 such prizes presented to date.
 - Prizes to collective farm chairmen and committees for "excellent fulfillment of plans." These include passenger automobiles, which are then considered to be the property of the collective farm committees.
 - Press. There is a Lithuanian weekly newspaper Valstieciu Laikraštis (Peasant's Newspaper), a Lithuanian language journal Lietuvos Kolukietis (Lithuanian Collective Farmer), and its counterpart in the Russian language Litovskiy Kolkhoznik. The MTSs also issue newspapers of purely local interest for collective farmers. These are edited by the political sections of the MTS.

SECRET/CONTROL US OFFICIALS ONLY

25X1A

SECRET/CONTROL US OFFICIALS ONLY

-8-

Stabilization of Collective Farms

46. As a result of the collectivization process, which was commenced in 1949, the agricultural level fell considerably in 1949 and 1950. In 1951 the level stabilized somewhat but still stands below the agricultural level of 1940, particularly as far as livestock and pigs are concerned.
47. The partial stabilization of 1951 was effected by economic pressure directed against the collective farmers themselves. The essence of this pressure is the withholding of privileges from collective farmers who do not keep up to the mark. Grain requisitions remain the same, taxes the same; bills owed to the MTS are only in exceptional circumstances allowed on credit. The peasants, therefore, who desire neither to die of hunger nor to live half-starved are forced to produce more and made to realize that no one else will rescue them if they do not help themselves. As a consequence, work on the collective farms is gradually becoming more organized, both in its administrative processes and from the point of view of productivity. A powerful influence on the peasants is the knowledge that in the event of deliberate sabotage or spoiled work the threat of punishment is ever present.
48. An illustration of a characteristic process of stabilization is the following: A kolkhoz organized in autumn 1949 consisted of 56 farms, of which only 38 percent (smallholders and peasants) entered the kolkhoz voluntarily. The other 62 percent of the farmers were cajoled into joining. The kolkhoz started with 55 horses, 62 cows, a few agricultural machines, including reapers, sowers, and one mechanical thresher. These machines were, of course, taken mainly from the wealthier farmers themselves who were not accepted into the kolkhoz. During the first year, as a result of bad management and inefficiency, the collective farm lost ten horses and fourteen cows. On completing accounts at the end of the first year, the collective farm was still in debt to the State and the MTS. As a consequence, the allocation for grain for each workday was less than one kilogram, and there was no money, whatsoever, available for distribution. About 35 percent of the collective farmers had not even completed ten workdays. To balance accounts, it became necessary for the farmers to sell part of their own personal property. Some of the more capable of the medium-grade farmers, being in a better material position, suffered less than others. In the following year the minimum number of workdays for each collective farmer rose to 110 and some of them worked more than 200. Having met requisition demands and having paid the MTS fees, the kolkhoz retained a sufficient amount of seed for sowing and for a reserve fund and was able to pay each collective farmer two kilograms of grain and one ruble for each workday. The peasants then became convinced that their only hope of salvation lay in intensive work, the only alternative being starvation or even punishment for sabotage.
49. Bearing in mind the natural capacity for hard work which characterizes Lithuanian peasants, it is understandable that, having once experienced hardships such as these farmers had in the first year, they eventually find ways and means of survival. The Bolsheviks look upon all bearable or unbearable hardships with complete equanimity and do not appear disturbed at the initial drop in the level of agricultural production. On the other hand, no sooner do the farms begin to work in a whole-hearted manner than the whole Bolshevik propaganda apparatus is directed toward them.

Prospects for Agriculture

50. Summarizing the views expressed above, it can, therefore, be said that the stabilization of agriculture in 1951 constituted a certain psychological surrender of the farmers, who found themselves in a hopeless position when subjected to economic pressure backed by the full weight of the State. As soon as this pressure had its effect, it was to some extent mitigated by various propaganda methods, even to the extent that occasionally the Soviet masters threw the farmer a piece of fat.
51. The level of agriculture is bound to rise in Lithuania, although gradually, for the Bolsheviks are adept at forcing people to work either by the use of incentives and propaganda or by intimidation.

SECRET/CONTROL US OFFICIALS ONLY